GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

STARRED QUESTION NO:366
ANSWERED ON:20.04.2005
LOANS AT CONCESSIONAL RATES TO BPL CATEGORY
Deshmukh Shri Subhash Sureshchandra

Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether the Government provides loans and other facilities at concessional rates to the applicants of BPL category for setting up of small scale industries;

(b) if so, the bank interest rate in this regard;

(c) whether the rural applicants are being given special facilities in this regard; and

(d) if so, the details thereof?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a) to (d) : A Statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY OF PART (a) to (d) IN RESPECT OF THE LOK SABHA STARRED QUESTION NO. 366 FOR ANSWER ON 20.4.2005

(a): The Central Government does not provide loans at concessional rates to persons living below the poverty line (BPL) or any other person for setting up of small scale industries. However, under the Swarnajayanti Gram Swarozgar Yojana (SGSY) and Swarna Jayanti Shahari Rozgar Yojana (SJSRY), persons of BPL category and under the Prime Minister`s Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) persons belonging to the weaker sections are provided subsidy, for setting up various enterprises for self-employment. All these are credit-linked subsidy schemes.

(b): The lending to small scale industries is covered under the priority sector lending of the banks. The rates of interest applicable to such loans are as per the guidelines issued by the Reserve Bank of India (RBI) from time to time. As per extant guidelines issued by the RBI, interest rates on loans up to Rs.2 lakh should not exceed the prime lending rate (PLR) of the banks. For loans beyond Rs.2 lakh, the fixation of interest rates is left to the banks, subject to PLR and the maximum band.

(c) & (d) : Under the SGSY, the subsidy assistance provided to the eligible rural applicants is as follows:

Sl.No.	Category of Beneficiary	Subsidy Assistance
1	General	30% of the project cost, subject to a maximum of Rs. 7500
2	Scheduled Castes/Scheduled Tribes	50% of the project cost, subject to a maximum of Rs. 10000
3	Self-Help Gropus	50% of the project cost, subject to per capita subsidy of Rs. 10000 or total of Rs. 1.25 lakh, whichever is less.

Under the Rural Employment Generation Programme (REGP) being implemented by the Government through the Khadi and Village Industries Commission (KVIC), entrepreneurs can avail of margin money assistance (subsidy) from the KVIC and loans from any public sector scheduled commercial bank, for projects with a maximum cost of Rs.25 lakh. The margin money assistance is given as detailed in the following table:

Margin Money Assistance under REGP

Sl.No.	Category of Beneficiary	Project Cost	Margin Money Assistance
1	General	Upto Rs. 10 lakh	25 per cent of project cost
2	Scheduled Castes/Scheduled Tribes/ Women/Ex-Serviceman/North Eastern Region/Hill Areas	Upto Rs. 10 lakh	30 per cent of project cost
3	General	Above Rs. 10 lakh and upto Rs.25 lakh of balance project cost	Rs. 2.5 lakh + 10 per cent
4	Scheduled Castes/Scheduled Tribes/ Women/Ex-Serviceman/North Eastern Region/Hill Areas	Above Rs. 10 lakh and upto Rs.25 lakh of balance project cost	Rs. 3 lakh + 10 per cent

Under the PMRY, for self-employment, the Central Government provides subsidy as follows:

Subsidy under PMRY

Sl.No.	Category of Projects	Maximum loan amount (Rs.)	Maximum subsidy per beneficiary (Rs.) - General Category	Maximum subsidy per beneficiary (Rs.)- Special Category States
1	Business	1,00,000	7,500	15,000
2	Service	2,00,000	7,500	15,000
3	Industry	2,00,000	7,500	15,000

Under this scheme, eligible persons can join together in a partnership to get assistance for projects with investment upto Rs. 10 lakh. One of the conditions of this scheme is that the eligible applicant`s annual income should be limited to Rs.40,000. This scheme is implemented in both rural and urban areas.

The beneficiaries of the REGP and PMRY also include those living below the poverty line.